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DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-836]

Glycine From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review and Partial Rescission of Antidumping Duty Administrative Review

AGENCY: Import Administration, International Trade Administration, Department of Commerce

SUMMARY: In response to timely requests, the Department of Commerce is conducting an administrative review of the antidumping duty order on glycine from the People's Republic of China (PRC). The period of review is March 1, 2010, through February 28, 2011. We have preliminarily determined that Baoding Mantong Fine Chemistry Co., Ltd. (Baoding Mantong), made sales of subject merchandise at or above normal value during the period of review and invite interested parties to comment on these preliminary results. In addition, we are rescinding this administrative review with respect to 29 other companies.

EFFECTIVE DATE: [Insert date of publication in the *Federal Register*.]

FOR FURTHER INFORMATION CONTACT: Edythe Artman or Angelica Mendoza, AD/CVD Operations, Office 7, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-3931 and (202) 482-3019, respectively.

Background

On March 1, 2011, the Department published a notice of opportunity to request an administrative review of the antidumping duty order on glycine in the *Federal Register*.¹

¹ See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review*, 76 FR 11197 (March 1, 2011).

Baoding Mantong requested a review of its own sales on March 23, 2011, and GEO Specialty Chemicals, Inc. (GEO), a domestic interested party, requested a review of the sales of Baoding Mantong and 29 other firms on March 31, 2011. Based on these requests, we initiated a review of the 30 companies on April 27, 2011.² On July 1, 2011, however, GEO withdrew its request for review of all companies except that of Baoding Mantong.

Baoding Mantong filed timely responses to our original antidumping questionnaire and supplemental questionnaires. GEO filed comments on Baoding Mantong's submissions and, on July 25, 2011, GEO filed a request that we verify the responses.

On November 23, 2011, we extended the due date for the preliminary results of review by 120 days to March 30, 2012.³

Verification

We conducted a verification of Baoding Mantong's responses from February 6 through February 10, 2012. We used standard verification procedures, including examination of relevant accounting and production records, as well as source documentation provided by the respondent. See Memorandum to the File regarding "Verification of the Sales and Factors-Of-Production Responses of Baoding Mantong Fine Chemistry Co., Ltd., in the Antidumping Administrative Review of Glycine from the People's Republic of China," dated March 30, 2012 (Verification Report).

² See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 76 FR 23545 (April 27, 2011) (Initiation).

³ See *Glycine From the People's Republic of China; Extension of Time Limit for Preliminary Results of Antidumping Duty Administrative Review*, 76 FR 72388 (November 23, 2011).

Partial Rescission

Under 19 CFR 351.213(d)(1), the Department will rescind an administrative review if the party that requested the review withdraws its request for review within 90 days of the date of publication of the notice of initiation of the requested review, or withdraws it at a later date if the Department determines it is reasonable to extend the time limit for withdrawing the request.

Because GEO withdrew its request for review of 29 companies on July 1, 2011, within 90 days of publication of our notice of initiation on April 27, 2011, we find GEO's withdrawal to be timely. Thus, we are rescinding this review with respect to the following companies: (1) A&A Pharmachem Inc., (2) Advance Exports, (3) AICO Laboratories Ltd., (4) Avid Organics, (5) Beijing Onlystar Technology Co. Ltd., (6) China Jiangsu International, (7) Chiyuen International Trading Ltd., (8) E-Heng Import & Export Co., Ltd., (9) General Ingredient Inc., (10) Hebei Donghua Chemical General Corporation, (11) Hebei Donghua Jiheng Fine Chemical, (12) H.K. Tangfin Chemicals Co., Ltd., (13) Jizhou City Huayang Chemical Co., Ltd., (14) Kissner Milling Co. Ltd., (15) Long Dragon Company Ltd., (16) Nantong Dongchang Chemical Industry Corp., (17) Nutracare International, (18) Paras Intermediates Pvt. Ltd., (19) Qingdao Samin Chemical Co., Ltd., (20) Ravi Industries, (21) Salvi Chemical Industries, (22) Shaanxi Maxsun Trading Co., Ltd., (23) Shijiazhuang Green Carbon Products Co., Ltd., (24) Showa Denko K.K., (25) Sinochem Qingdao Company, Ltd., (26) Sino-Siam Resources Imp. & Exp. Co., Ltd., (27) Tianjin Tiancheng Pharmaceutical Company, (28) Universal Minerals, and (29) Yuki Gosei Kogyo Co., Ltd.

Scope of the Order

The product covered by this antidumping duty order is glycine, which is a free-flowing crystalline material, like salt or sugar. Glycine is produced at varying levels of purity and is used

as a sweetener/taste enhancer, a buffering agent, reabsorbable amino acid, chemical intermediate, and a metal complexing agent. Glycine is currently classified under subheading 2922.49.4020 of the Harmonized Tariff Schedule of the United States (HTSUS). This proceeding includes glycine of all purity levels.

Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the merchandise under the order is dispositive.

In a separate scope ruling, the Department determined that D(-) Phenylglycine Ethyl Dane Salt is outside the scope of the order. *See Notice of Scope Rulings*, 62 FR 62288 (November 21, 1997).

Non-Market-Economy Country Status

The Department considers the PRC to be a non-market-economy (NME) country. In accordance with section 771(18)(C)(i) of the Tariff Act of 1930, as amended (the Act), any determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority.⁴

Separate Rates

A designation of a country as a NME remains in effect until it is revoked by the Department. *See* section 771(18)(C)(i) of the Act. We maintain that there is a rebuttable presumption that all companies within the PRC are subject to government control and, thus, should be assessed a single antidumping duty rate. It is the Department's standard policy to assign all exporters of the merchandise subject to review involving an NME country a single rate unless an exporter can affirmatively demonstrate an absence of government control, both in law

⁴ *See, e.g., Brake Rotors From the People's Republic of China: Preliminary Results and Partial Rescission of the 2004/2005 Administrative Review and Preliminary Notice of Intent To Rescind the 2004/2005 New Shipper Review*, 71 FR 26736, 26739 (May 8, 2006) (unchanged in *Brake Rotors From the People's Republic of China: Final Results and Partial Rescission of the 2004/2005 Administrative Review and Notice of Rescission of 2004/2005 New Shipper Review*, 71 FR 66304 (November 14, 2006)).

(*de jure*) and in fact (*de facto*), with respect to exports. To establish whether a company is sufficiently independent to be entitled to a separate, company-specific rate, the Department analyzes each exporting entity in an NME country under the test established in *Final Determination of Sales at Less Than Fair Value: Sparklers From the People's Republic of China*, 56 FR 20588 (May 6, 1991) (*Sparklers*), and amplified by *Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide From the People's Republic of China*, 59 FR 22585 (May 2, 1994) (*Silicon Carbide*).

To establish separate-rate eligibility, the Department requires entities, for which a review was requested and that were assigned separate rates in the most recent segment of the proceeding in which they participated, to certify that they continue to meet the criteria for obtaining a separate rate unless there were changes to a company's corporate structure, acquisitions of new companies or facilities, or changes to their official company name. *Initiation* at 23546. In the current review, Baoding Mantong filed a response to Section A of the antidumping questionnaire in which it described recent changes in its corporate structure and ownership and responded to all items concerning the assignment of a separate rate. In doing so, it provided company-specific information and stated that it met the criteria for the assignment of a separate rate.

Absence of De Jure Control

The Department considers the following *de jure* criteria in determining whether an individual company may be granted a separate rate: (1) an absence of restrictive stipulations associated with an individual exporter's business and export licenses; (2) any legislative enactments decentralizing control of companies; (3) any other formal measures by the government decentralizing control of companies. *See Sparklers*, 56 FR at 20589.

The information provided by Baoding Mantong supports a finding of a *de jure* absence of

governmental control over its export activities based on: (1) an absence of restrictive stipulations associated with the exporter's business license and certificate of approval; and (2) the legal authority on the record decentralizing control over Baoding Mantong, including the provisions of the relevant PRC law. Furthermore, no party submitted information to the contrary. Thus, we preliminarily find an absence of *de jure* control.

Absence of De Facto Control

The Department typically considers the following four factors in evaluating whether a respondent is subject to *de facto* government control of its export functions: (1) whether the export prices are set by, or subject to the approval of, a government agency; (2) whether the respondent has the authority to negotiate and sign contracts and other agreements; (3) whether the respondent has autonomy from the government in making decisions regarding the selection of management; and (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding the disposition of profits or financing of losses. *See Silicon Carbide*, 59 FR at 22586-87; *Sparklers*, 56 FR at 20589; *see also Notice of Final Determination of Sales at Less Than Fair Value: Furfuryl Alcohol From the People's Republic of China*, 60 FR 22544-45, n.3 (May 8, 1995). The Department has determined that an analysis of *de facto* control is critical in determining whether respondents are, in fact, subject to a degree of governmental control which would preclude the Department from assigning separate rates.

The evidence provided by Baoding Mantong supports a preliminary finding of *de facto* absence of government control based on the following: (1) its export price is not set by or subject to the approval of a governmental agency; (2) the respondent has authority to negotiate and sign contracts and other agreements; (3) the respondent has autonomy from the government in making decisions regarding the selection of its management; and (4) the respondent retains the

proceeds of its export sales and makes independent decisions regarding disposition of profits or financing of losses. Based on this information, the Department preliminarily finds that there is an absence of *de facto* governmental control over the export activities of Baoding Mantong.

Therefore, given the findings that the company operates free of *de jure* and *de facto* governmental control, we preliminarily determine that Baoding Mantong satisfies the criteria for a separate rate established in *Silicon Carbide* and *Sparklers*.

Surrogate Country

When the Department is investigating imports from an NME country, section 773(c)(1) of the Act directs it to base normal value, in most circumstances, on the NME producer's factors of production, valued in a surrogate market-economy country or countries considered to be appropriate by the Department. In accordance with section 773(c)(4) of the Act, in valuing the factors of production, the Department shall utilize, to the extent possible, the prices or costs of the factors in one or more market-economy countries that are: (1) at a level of economic development comparable to that of the NME country; and (2) significant producers of comparable merchandise.⁵ Once the Department has identified the countries that are economically comparable to the PRC, it identifies those countries which are significant producers of comparable merchandise. From the countries which are both economically comparable and significant producers, the Department will then select a primary surrogate country based upon whether the data for valuing the factors of production are both available and reliable.

⁵ See Import Administration Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process (March 1, 2004) available on the Department's website at <http://ia.ita.doc.gov/policy/index.html>.

Economic Comparability

For this administrative review, the Department has identified Colombia, Indonesia, the Philippines, South Africa, Thailand, and Ukraine as countries that are comparable to the PRC in terms of economic development. *See* Memorandum to Angelica Mendoza from Carole Showers regarding “Request for a List of Surrogate Countries for an Administrative Review of the Antidumping Duty Order on Glycine from the People's Republic of China,” dated August 15, 2011 (Surrogate Country List). Thus, we consider all of the countries on the Surrogate Country List as having satisfied the comparable-economic-development prong of the surrogate selection criteria.

Furthermore, the Department has previously stated that:

{U}nless we find that all of the countries determined to be equally economically comparable are not significant producers of comparable merchandise, do not provide a reliable source of publicly available surrogate data or are unsuitable for use for other reasons, we will rely on data from one of these countries.

See Certain Steel Wheels From the People’s Republic of China: Notice of Preliminary Determination of Sales at Less Than Fair Value, Partial Affirmative Preliminary Determination of Critical Circumstances, and Postponement of Final Determination, 76 FR 67703, 67708 (November 2, 2011). Because, as explained below, we find that one of the countries from the Surrogate Country List meets the selection criteria, the Department need not consider another country as the primary surrogate country.

Significant Producers of Identical or Comparable Merchandise

In its comments on surrogate-country selection, Baoding Mantong argued that, as in previous segments of the proceeding, India should be used as the surrogate country because it remained at a level of economic development comparable to China, it was a significant producer of merchandise identical to the subject merchandise, and it offered publicly available information

to value the factors of production. *See* Baoding Mantong’s Letter regarding “Surrogate Country Comments and the Submission of Proposed Surrogate Values”, dated November 1, 2011 at 2. Baoding Mantong acknowledged that, based on export data, Indonesia could be considered a producer of merchandise comparable to glycine but argued that there were no publicly available data upon which to base the financial-ratio calculations. *Id.* at 3-4 and exhibit 1. In its comments, GEO argued that Indonesia was the most appropriate country to be selected as the surrogate because: 1) based on export data, it had the most robust glycine and amino acid industry of the six countries identified by the Department; 2) U.S. import data showed that Indonesia had shipped glycine to the United States in the recent past; and 3) the Department had recently selected Indonesia as the surrogate country in the less-than-fair-value investigation of citric acid and certain citric salts from the PRC. *See* GEO’s Letter regarding “GEO Specialty Chemicals’ Comments on Selection of Surrogate Country for Valuing Factors of Production and Surrogate Value Data for Valuing Baoding Mantong’s Factors of Production”, dated November 1, 2011 (GEO’s Comments), at 3 and exhibit 3. GEO asserted that the Department could value inputs based on data obtained from the *World Trade Atlas (WTA)*, as published by the Global Trade Information Services, and the public financial information of five Indonesian companies. *Id.* at 5-6 and exhibits 5 and 6.

In rebuttal, Baoding Mantong asserted that India should remain the surrogate country for the proceeding, noting that Indonesia’s 2010 exports of glycine were small in comparison with those of India. Baoding Mantong’s Letter regarding “Submission of Rebuttal Surrogate Country and Surrogate Value Comments,” dated November 8, 2011 at 2. GEO rebutted, however, that India was not a significant producer of merchandise identical to the subject merchandise, alleging that most glycine shipments from India to the United States are transshipments of

Chinese-origin glycine⁶ and noting that, in the history of the proceeding, no financial information of an Indian glycine producer had been placed on the record. *See* GEO's Letter regarding "Rebuttal to Baoding Mantong's Surrogate Country Comments and Submission of Proposed Surrogate Values," dated November 10, 2011 at 2-3. GEO added that the Indonesian export data showed Indonesia to be a producer of merchandise both identical and comparable to the subject merchandise. *Id.* at 4.

As a principal matter and as discussed above, because the Department finds that one of the countries from the Surrogate Country List meets the selection criteria, the Department is not considering India as the primary surrogate country. Specifically, based on the export data submitted by the parties,⁷ we find that Indonesia is a significant producer of comparable merchandise. Baoding Mantong observes that the data for exports of amino acids, including glycine, show that the exports from India far exceeded those from Indonesia. However, of the six economically-comparable countries identified by the Department, Indonesia exported the largest amount of comparable merchandise. Thus, although the data show that Indonesia is not as large an exporter as India, it nevertheless supports the finding that Indonesia is a significant producer of comparable merchandise.

Therefore, we find that Indonesia meets both prongs of the surrogate-selection criteria; it is at a comparable level of economic development to the NME country, pursuant to section 773(c)(4)(A) of the Act, and is also a significant producer of the subject merchandise, pursuant to section 773(c)(4)(B) of the Act. Furthermore, we have found Indonesian data to value the

⁶ GEO's assertions are made in reference to an ongoing anti-circumvention inquiry involving the antidumping duty order on glycine from the PRC and shipments of glycine from India. *See Glycine From the People's Republic of China: Initiation of Antidumping Anticircumvention Inquiry*, 75 FR 66352 (October 28, 2010). No final determination has been made in this inquiry.

⁷ Although Baoding Mantong relied on the United Nations Commodity Trade Statistics Database for its export data and GEO retrieved its data from the *Global Trade Atlas*, as published by the Global Trade Information Services (GTA), we note that they obtained identical results.

inputs to be publicly available in the *GTA* and, as noted above, in the financial information of several Indonesian companies placed on the record by the domestic interested party.

Accordingly, we preliminarily determine that it is appropriate to use Indonesia as the primary surrogate country for this review and, consequently, we have used it as the source for data for valuing all surrogate values.

In accordance with 19 CFR 351.301(c)(3)(ii), interested parties may submit additional publicly-available information to value factors of production for the final results of this administrative review within 20 days after the date of publication of the preliminary results.

Date of Sale

Normally, the Department considers invoice date as the date of sale in accordance with 19 CFR 351.401(i). However, it is the Department's practice to use shipment date as the date of sale when shipment date precedes invoice date.⁸

In its Section C questionnaire response, Baoding Mantong reported the sales invoice date as the date of sale for both its export-price and constructed-export-price (CEP) sales. However, in a supplemental questionnaire response, the company stated that, for export-price sales, it usually issued its invoice prior to the date of shipment and that, in the case of CEP sales, its U.S. affiliate, Glycine & More, Inc. (Glycine & More), usually issued its invoice upon delivery of the product to the customer. *See* Baoding Mantong's supplemental questionnaire response, dated November 7, 2011, at 14. Statements at verification were consistent with the latter response. *See* Verification Report at 11-12. Thus, we have determined that, for export-price sales, the

⁸ *See Certain Cold-Rolled and Corrosion-Resistant Carbon Steel Flat Products From Korea: Final Results of Antidumping Duty Administrative Reviews*, 63 FR 13170, 13172-73 (March 18, 1998); *see also Stainless Steel Sheet and Strip in Coils From the Republic of Korea: Final Results and Rescission of Antidumping Duty Administrative Review in Part*, 72 FR 4486 (January 31, 2007), and the accompanying Issues and Decision Memorandum at Comments 4 and 5.

earliest of the invoice date or shipment date is the appropriate date of sale and that, for CEP sales, the date of shipment is the date of sale for purposes of our preliminary results.

Fair Value Comparisons

To determine if sales of glycine from the PRC to the United States were made at less than normal value, we compared the export price or CEP of each sale to the normal value, as described in the “U.S. Price” and “Normal Value” sections of this notice below. In accordance with section 777A(d)(2) of the Act, we compared the export prices and the CEPs of individual U.S. transactions to the normal value of the product.

U.S. Price

A. Export Price

In accordance with section 772(a) of the Act, we based the U.S. price for sales on export price where Baoding Mantong made the first sale to an unaffiliated purchaser prior to importation, and the use of CEP was not otherwise warranted by the facts on the record. We calculated export price based on either the packed freight-on-board or cost-and-freight price to the first unaffiliated purchaser in the United States. In accordance with section 772(c) of the Act, we calculated net export price by deducting foreign inland-freight expenses, foreign brokerage and handling expenses and, if applicable, ocean-freight expenses from the starting price (gross unit price). We based all movement expenses on surrogate values because the movement services were provided by PRC companies (*see* the “Normal Value” section of this notice for further details).

B. Constructed Export Price

In accordance with section 772(b) of the Act, we based the U.S. price for sales on CEP where Glycine & More made the first sale to an unaffiliated customer. We calculated CEP based

on the packed freight-on-board or delivered price to the first unaffiliated purchaser in the United States. In accordance with section 772(c)(2)(A) of the Act, we calculated CEP by deducting foreign movement expenses, international freight, and U.S. movement expenses, including brokerage and handling, from the starting price (gross unit price). Further, in accordance with section 772(d)(1) of the Act and 19 CFR 351.402(b), we deducted the following selling expenses associated with economic activities occurring in the United States from the starting price: credit expenses and indirect selling expenses, including inventory carrying costs. In addition, pursuant to section 772(d)(3) of the Act, we made an adjustment to the starting price for CEP profit. We based foreign movement expenses, incurred on services provided by PRC companies, on surrogate values and international movement expenses on the U.S.-dollar amount in which they were incurred.

Normal Value

Sections 773(c)(1)(A)-(B) of the Act provides that the Department shall determine normal value using a factors-of-production methodology if the merchandise under review is exported from an NME country and the available information does not permit the calculation of normal value using home-market prices, third-country prices, or constructed value under section 773(a) of the Act. The Department uses a factors-of-production methodology because the presence of government controls on various aspects of NMEs renders price comparisons and the calculation of production costs invalid under its normal methodologies.⁹ Thus, the Department based normal value on factor information supplied by Baoding Mantong in its questionnaire responses or obtained at verification.

⁹ See *Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review and Notice of Intent to Rescind in Part*, 70 FR 39744, 39754 (July 11, 2005) (unchanged in *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Final Results of 2003-2004 Administrative Review and Partial Rescission of Review*, 71 FR 2517 (January 17, 2006)).

We valued material, labor, energy, and packing by multiplying the reported per-unit rates for the factors consumed in producing the subject merchandise by the average per-unit surrogate value of the factor. In addition, we added freight costs to the surrogate costs that we calculated for material inputs. Normally, we calculate freight costs by multiplying surrogate freight rates by the shorter of the reported distance from the domestic supplier to the factory that produced the subject merchandise or the distance from the nearest seaport to the factory that produced the subject merchandise. Also, where there are multiple domestic suppliers of a material input, we calculate a weighted-average distance after limiting each supplier's distance to no more than the distance from the nearest seaport to the factory. These distance adjustments are in accordance with the decision by the United States Court of Appeals for the Federal Circuit in *Sigma Corp. v. United States*, 117 F.3d 1401, 1407-1408 (Fed. Cir. 1997) (*Sigma*). However, since we found the supplier information (with the exception of the factor for coal) reported by Baoding Mantong to be inaccurate at verification, we found it appropriate to assign partial facts available for the supplier freight distances (other than that of coal).

Specifically, as a result of verification, we found Baoding Mantong to have omitted identifying an input supplier and to have inaccurately reported the distances between the suppliers of inputs and the factory for all inputs except coal. *See* Verification Report at 34. Because we could not verify the reported information, we found it appropriate to rely on partial facts available for this information pursuant to section 776(a)(2)(2) of the Act. Furthermore, because we found that Baoding Mantong possessed the supplier information (*i.e.*, the sales receipts from suppliers) and could have obtained the correct supplier distances for reporting purposes but failed to do so, we found that it did not act to the best of its ability to comply with our requests for information. For a detailed discussion of this issue, *see* Memorandum to the File

from Edythe Artman regarding “Baoding Mantong Fine Chemistry Co., Ltd. – Analysis Memorandum for the Preliminary Results of the 2010/2011 Administrative Review of Glycine from the People’s Republic of China,” dated March 30, 2012 (Baoding Mantong Analysis Memorandum), at 6.

Accordingly, because Baoding Mantong failed to cooperate in the reporting of its supplier information, we find that use of information adverse to the interests of the company, as facts otherwise available, is appropriate pursuant to section 776(b) of the Act. As partial adverse facts available we have applied the distance from the nearest seaport to the factory in the calculation of freight costs (other than coal), since, for each affected input, this distance exceeds that distance between the suppliers and the factory.

Finally, we calculated normal value by adding the values of the factors of production with surrogate values for overhead, selling, general and administrative (SG&A) expenses, profit and packing costs.

Selection of Surrogate Values

In selecting surrogate values, we considered the quality, specificity, and contemporaneity of the data. For these preliminary results, in selecting the best available data for valuing factors of production in accordance with section 773(c)(1) of the Act, we followed our practice of choosing publicly available values which are non-export average values, most contemporaneous with the POR, product-specific, and tax-exclusive.¹⁰ We also considered the quality of the source of surrogate information in selecting surrogate values. *See Notice of Final Determination of Sales at Less Than Fair Value: Certain Cased Pencils From the People’s Republic of China,*

¹⁰ See, e.g., *Notice of Preliminary Determination of Sales at Less Than Fair Value, Negative Preliminary Determination of Critical Circumstances and Postponement of Final Determination: Certain Frozen and Canned Warmwater Shrimp From the Socialist Republic of Vietnam*, 69 FR 42672, 42682 (July 16, 2004) (unchanged in *Final Determination of Sales at Less Than Fair Value: Certain Frozen and Canned Warmwater Shrimp From the Socialist Republic of Vietnam*, 69 FR 71005 (December 8, 2004)).

59 FR 55625, 55633 (November 8, 1994).

It is the Department's practice to calculate price index adjustors to inflate or deflate, as appropriate, surrogate values that are not contemporaneous with the period of review using the wholesale price index for the subject country. But these data were not available for Indonesia. Therefore, where we could not obtain publicly available information contemporaneous with the period of review to value factors, we adjusted surrogate values by using the Consumer Price Index rate for Indonesia, as published in the International Monetary Fund's *International Financial Statistics*. See *Silicon Metal From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review*, 77 FR 13534 (March 7, 2012); *Certain Frozen Warmwater Shrimp From the Socialist Republic of Vietnam: Preliminary Results of Administrative Review*, 77 FR 13547 (March 7, 2012).

In accordance with these guidelines, we calculated surrogate values, except as noted below, from import statistics obtained from the *GTA* for Indonesia.¹¹ Our use of *GTA* import data is in accordance with past practice and satisfies all of our criteria for surrogate values stated above.¹² For further details regarding the specific surrogate values used for direct materials, energy inputs, and packing materials in these preliminary results, see the Memorandum to the File from Edythe Artman through Angelica Mendoza regarding "Factors Valuation Memorandum," dated March 30, 2012 (Factors Valuation Memorandum).

To calculate the labor input, we based our calculation on the methodology enunciated by

¹¹ See *Floor-Standing, Metal-Top Ironing Tables and Certain Parts Thereof From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review*, 76 FR 55357 (September 7, 2011) (unchanged in *Floor-Standing, Metal-Top Ironing Tables and Certain Parts Thereof From the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 77 FR 14499 (March 12, 2012)).

¹² See, e.g., *Certain Preserved Mushrooms From the People's Republic of China: Preliminary Results of Antidumping Duty New Shipper Review*, 74 FR 50946, 50950 (October 2, 2009) (unchanged in *Certain Preserved Mushrooms From the People's Republic of China: Final Results of Antidumping Duty New Shipper Review*, 74 FR 65520 (December 10, 2009)).

the Department in *Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor*, 76 FR 36092 (June 21, 2011) (*Labor Methodologies*). We explained that the best methodology to value the labor input is to use industry-specific labor rates from the primary surrogate country. *Labor Methodologies*, 76 FR at 36093. We further determined that the best data source for industry-specific labor rates is Chapter 6A: Labor Cost in Manufacturing, from the International Labor Organization's *Yearbook of Labor Statistics* (ILO's *Yearbook*). *Labor Methodologies*, 76 FR at 36093-36094.

However, ILO's *Yearbook* does not provide labor data for Indonesia under Chapter 6A and, thus, we have relied upon Chapter-5B data, or wage-rate data, for Indonesia in order to calculate surrogate labor costs. We found the two-digit description under ISIC-Revision 2-3 (Manufacture of Other Chemical Products) to be the best available information on the record because it is specific to the industry being examined and thus derived from industries that produce comparable merchandise. Because these data reflect direct compensation and bonuses and none of the indirect costs reflected in Chapter-6A data, we found that the facts and information on the record do not warrant or permit an adjustment to the surrogate financial statements. A more detailed description of the wage-rate-calculation methodology is provided in the Factors Valuation Memorandum at 4.

For export-price sales in which Baoding Mantong paid for international freight from a NME provider, we relied upon the freight expenses reported for a CEP sale in which the product was shipped to the same port of destination as the export-price sales. *See Baoding Mantong Analysis Memorandum* at 4.

Baoding Mantong generates and sells two by-products – hydrochloric acid and ammonium chloride – as a result of its manufacturing process. We offset its material costs by

revenue it obtained from the sales of the byproducts. *See* Valuation Memorandum at 4.

To value overhead, SG&A expenses, and profit, we have preliminarily determined that the audited 2010 financial statements of three Indonesian companies constitute the best information publicly available and that these companies make products comparable to the subject merchandise. GEO submitted the financial information for five companies with a presence in Indonesia. *See* GEO's Comments at exhibit 6. Two financial reports were for those of subsidiaries of international companies specializing in pharmaceutical, personal and household care products, whereas the other three reports were for companies involved in the production of amino acids (used in pharmaceutical products). We found the information for the subsidiaries to be inappropriate due to the wide range of products made by the companies. Furthermore, we found the products made by the other three companies to be comparable to glycine.

Accordingly, we based our calculation of the surrogate financial ratios on the reports of these three companies – PT Darya-Varia Laboratoria Tbk, PT Pyridam Farma Tbk, and PT Kalbe Farma Tbk. We were able to segregate and, therefore, able to exclude direct energy costs from the calculation of the surrogate financial ratios. Accordingly, for the preliminary results, we have disregarded the direct energy components of the surrogate financial ratios in the calculation of normal value in order to avoid double-counting energy costs and have relied upon the energy inputs reported by Baoding Mantong. *See* Valuation Memorandum at 5.

Currency Conversion

We made currency conversions into U.S. dollars, in accordance with section 773A(a) of the Act, based on the exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank. These exchange rates are available on the Department's website at <http://ia.ita.doc.gov/exchange/index.html>.

Preliminary Results of Review

As a result of the administrative review, we preliminarily determine that the following weighted-average per-unit dumping margin exists for the period March 1, 2010, through February 28, 2011:

<u>Company</u>	<u>Margin (per-unit)</u>
Baoding Mantong Fine Chemistry Co., Ltd.	0.00

Comments

We will disclose the calculations used in our analysis to interested parties to this review within five days of the date of publication of this notice. *See* 19 CFR 351.224(b).

Case briefs from interested parties may be submitted within 30 days of publication of the preliminary results and rebuttal briefs from interested parties, limited to the issues raised in the case briefs, may be submitted within five days after the time limit for filing the case briefs or comments. *See* 19 CFR 351.309(c)(1)(ii) and 351.309(d). Parties who submit case briefs or rebuttal briefs in this review are requested to submit with each argument a statement of the issue, a summary of the arguments not exceeding five pages, and a table of statutes, regulations, and cases cited. *See* 19 CFR 351.309(c)(2).

Any interested party may request a hearing within 30 days of publication of this notice. *See* 19 CFR 351.310(c). Interested parties, who wish to request a hearing or to participate in a hearing if it is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, and electronically file the request *via* the Department's Import Administration's Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS). *See* 19 CFR 351.303(b). An electronically-filed document must be received successfully in its entirety by 5 p.m. Eastern Time (ET). *Id.*

Requests should contain the following information: (1) The party's name, address, and telephone number; (2) the number of participants; (3) a list of issues to be discussed. Issues raised in the hearing will be limited to those raised in the case briefs. *See* 19 CFR 351.310(c). If requested, any hearing will be held two days after the scheduled date for submission of rebuttal briefs. *See* 19 CFR 351.310(d).

The Department intends to issue the final results of this administrative review, including the results of its analysis of issues raised in any such written briefs or at the hearing, if held, within 120 days after the date of publication of this notice. *See* section 751(a)(3)(A) of the Act.

Deadline for Submission of Publicly Available Surrogate Value Information

In accordance with 19 CFR 351.301(c)(3)(ii), the deadline for submission of publicly available information to value factors of production under 19 CFR 351.408(c) is 20 days after the date of publication of the preliminary determination. In accordance with 19 CFR 351.301(c)(1), if an interested party submits factual information less than ten days before, on, or after (if the Department has extended the deadline) the applicable deadline for submission of such factual information, an interested party has ten days to submit factual information to rebut, clarify, or correct the factual information no later than ten days after such factual information is served on the interested party. However, the Department notes that 19 CFR 351.301(c)(1) permits new information only insofar as it rebuts, clarifies, or corrects information placed on the record. *See, e.g., Glycine from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Final Rescission, in Part*, 72 FR 58809 (October 17, 2007), and accompanying Issues and Decision Memorandum at Comment 2. Furthermore, the Department generally will not accept business proprietary information in either the surrogate value

submissions or the rebuttals thereto, as the regulation regarding the submission of surrogate values allows only for the submission of publicly available information.

Assessment Rates

Upon completion of this administrative review, the Department shall determine, and the U.S. Customs and Border Protection (CBP) shall assess, antidumping duties on all appropriate entries. In accordance with 19 CFR 351.212(b)(1), we will calculate exporter/importer (or customer)- specific assessment rates for the merchandise subject to this review. Because Baoding Mantong could not report the entered value for all U.S. sales, we calculated a per-unit assessment rate by aggregating the antidumping duties due for all U.S. sales to each importer or customer and dividing this amount by the total quantity sold to that importer or customer. *See* 19 CFR 351.212(b)(1). Where the duty assessment rates are above *de minimis*, we will instruct CBP to assess duties on all entries of subject merchandise by that importer in accordance with the requirements set forth in 19 CFR 351.106(c)(2). Where an importer- or customer-specific rate is zero or *de minimis*, we will instruct CBP to liquidate appropriate entries without regard to antidumping duties. *See* 19 CFR 351.106(c)(2).

We intend to issue assessment instructions to CBP 15 days after the date of publication of the final results of review. For those companies for which this review has been rescinded but for which we do not have a separate rate at this time (and which thus remain part of the PRC-wide entity), the Department will issue assessment instructions for the PRC-wide entity upon the completion of this administrative review.

Cash-Deposit Requirements

The following cash-deposit requirements will be effective upon publication of the final results of review for all shipments of the subject merchandise entered, or withdrawn from

warehouse, for consumption on or after the publication date as provided by section 751(a)(2)(C) of the Act: (1) for subject merchandise exported by Baoding Mantong, the cash-deposit rate will be that established in the final results of review; (2) for previously reviewed or investigated companies not listed above that have separate rates, the cash-deposit rate will continue to be the company-specific rate published for the most recent period; (3) for all other PRC exporters of subject merchandise which have not been found to be entitled to a separate rate, the cash-deposit rate will be the PRC-wide rate of 155.89 percent; and (4) for all non-PRC exporters of subject merchandise which have not received their own rate, the cash-deposit rate will be the rate applicable to the PRC entity that supplied that exporter. These deposit requirements, when imposed, shall remain in effect until further notice.

Notification to Importers

This notice also serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f)(2) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

This review and notice are in accordance with sections 751(a)(1), 751(a)(3), and 777(i) of the Act.

Paul Piquado
Assistant Secretary
for Import Administration

March 30, 2012
Date

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